

I wanted to make you aware of an early success of the new, Democratic, 110th Congress, and also preview for you some coming issues for this year's session in the areas of housing and economic development.

As you may be aware, the 109th Congress was unable to complete nine out of eleven of its Fiscal Year (FY) 2007 appropriations bills. These bills fund the federal government, and should have been completed by September 30, 2006, or at the very least by December 31. They were not; thus, a responsibly executed ³Continuing Resolution" (which means repeating the previous year's funding decisions) was the new Congress' best option for finishing up the FY '07 budget within a reasonable amount of time - so we could turn our attention to the FY '08 budget-setting process, as well as many other pressing national and international issues.

While this strategy was the best procedural option available to the new congressional Majority, it did present some challenges. One of the most difficult was finding a way to fully fund all of the current Department of Housing and Urban Development (HUD) "Section 8" housing vouchers. Section 8 vouchers provide much-needed rental assistance to low-income individuals. And, just as rents increase each year, so must funding levels for Section 8. A funding freeze (i.e. a repeat of the previous year's levels) would mean that the vouchers would fall short, putting over 200,000 families at risk of losing their housing.

As Chairman of the Transportation, Housing and Urban Development appropriations subcommittee, I worked with my colleagues on that subcommittee to find a way to fix this potentially serious problem. We creatively cobbled together more funding for the Section 8 program without having to re-open the entire FY '07 budget process (which would have taken half the year) and put into place a new distribution formula that more accurately and efficiently captures local rental assistance needs. At the end of the day, we produced a modified Continuing Resolution that adequately funded all Section 8 vouchers currently in use and kept low-income Americans in assisted housing off the street.

But the fight goes on. More critical housing-related battles are now brewing - over HUD's FY 2008 budget.

Each February the President submits his budget proposal for the following fiscal year to Congress. This document serves as a legislative blueprint for where the President's priorities lie. Unfortunately, while the President's FY '08 budget proposes over \$100 billion more for the war in Iraq, it puts the squeeze on everything else, including housing and local economic development programs.

Examples of especially harmful policies in the President's 2008 budget include:

- Failing to fully fund all current Section 8 housing vouchers for '08 (despite all the work to full fund the program in FY '07!). Under the President's latest proposal, low-income families are, once again, at risk of ending up homeless.
 - Cutting the Community Development Block Grant (CDBG) monies by 19% nationwide.
- This level of cut would significantly set back local infrastructure development and the

commercial investment that CDBG-funded projects leverage. I believe it is a terrible mistake to cut this valuable tool of economic development from our fiscally struggling cities and towns.

- Eliminating the Brownfields Redevelopment Program, which assists cities with the rehabilitation and reuse of environmentally contaminated industrial and commercial properties.
- Eliminating the Rural Housing and Economic Development Program, which provides extra support to rural local and state organizations.
- Eliminating the Hope VI Program, which revitalizes severely distressed public housing in cities large and small.

The President's FY '08 HUD budget is a case study in misplaced priorities. Even in the tight fiscal environment, you can be assured that I will use my position as Chairman of the funding panel for HUD to fight to keep low-income families safe in their homes and help cash-strapped communities to expand economic opportunities and revitalize their neighborhoods.

Sincerely,

John W. Olver
Member of Congress

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